

**AGENDA**

**FRANKLIN CITY COUNCIL**

**MONDAY, April 24, 2017 – CITY HALL COUNCIL CHAMBERS – 207 W. SECOND AVE.**

**6:00 P.M.**

**CALLED MEETING**

Call To Order . . . . . MAYOR FRANK M. RABIL

Honorable Congressman Robert C. “Bobby” Scott (Third District)

Recess

**7:00 P.M.**

**Regular Meeting**

Call To Order . . . . . MAYOR FRANK M. RABIL

PLEASE TURN OFF CELL PHONES . . . . . MAYOR FRANK M. RABIL

PLEDGE OF ALLEGIANCE

SPECIAL RECOGNITION – Karter Thorpe – Emergency Response Recognition

CITIZENS’ TIME

AMENDMENTS TO AGENDA

1. CONSENT AGENDA
  - A. Minutes: April 10, Minutes
  - B. Departmental Reports: March, 2017 (Separate File)
  
2. FINANCE
  - A. City/School Division FY 2017 – 2018 Budget Amendment # 2017 – 13
  - B. Community Development Vehicle Replacement Budget Amendment # 2017- 14
  - C. Financial Report: March, 2017
  - D. FY 2017 – 2018 Health Insurance Plan Renewal
  
3. OLD/NEW BUSINESS
  - A. City Manager’s Report
  
4. COUNCIL/STAFF REPORTS ON BOARDS/COMMISSIONS
  
5. CLOSED SESSION – (If Necessary)
  
6. ADJOURNMENT

**UPCOMING ITEMS TO BE SCHEDULED**

The items below are intended to be reflective, and not inclusive of all subjects staff is working on to bring forward to City Council in the next two months. Both the time lines and subject matter are subject to change and should not be considered final.

**SUBJECT****TENTATIVE TIME LINE****Council Budget Work Session****May 1, 2017 @ 6:00 p.m.****Regular Council Meeting****May 8, 2017 @ 7:00 p.m.****Council Budget Work Session (If Needed)****May 15, 2017 @ 6:00 p.m.****Public Hearing on FY 2017 – 2018 Proposed Budget****May 15, 2017 @ 7:00 p.m.****Council Considers action on School Board Budget****May 22, 2017 @ 7:00 p.m.**

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**CONSENT AGENDA**

- A. Minutes: April 10, Minutes**
- B. Departmental Reports: March, 2017 (Separate File)**

The Franklin City Council held its regular meeting on Monday, April 10, 2017 at 7:00 p.m. in the Council Chambers at City Hall.

**Council Members in Attendance:** Mayor Frank Rabil, Barry Cheatham, Vice-Mayor; Linwood Johnson, Mary Hilliard and Benny Burgess (Bill Scarboro absent and Greg McLemore arrived late).

**Staff in Attendance:** Randy Martin, City Manager; Taylor Williams, City Attorney; Mark Bly, Director of Power and Light and Chief Phil Hardison, Franklin Police Department.

**Others in Attendance:** Officer Mario Hunter, Franklin Police Department; and Teresa Rose-McQuay; Administrative Assistant and Acting Secretary, Recording Minutes.

### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited by everyone in attendance.

### **CITIZENS' TIME**

Mr. William H. Banks, Jr. of 324 Artis Street addressed Council concerning some troubling problems in his neighborhood. Someone is cutting holes in the fence at the end of Artis Street going to the Dorchester Apartment complex. The City has been out and fixed it but it keeps getting cut. He also stated that there has been some problem with illegal substances being exchanged on Artis Street. He wanted to bring it to Council's attention and asked for help in addressing the issue. Mr. Banks does not want his property value to suffer.

### **AMENDMENTS TO AGENDA**

There were no amendments to the agenda.

### **Consent Agenda**

#### **Minutes: March 27, 2017 Called Meeting**

Mayor Rabil asked if there were any corrections to the minutes of the March 27, 2017 Called work session meeting. Hearing none, he asked for a motion. Vice-Mayor Cheatham made the motion to approve the March 27, 2017 Called meeting minutes and Councilman Johnson seconded it.

The motion was approved by a 5 – 0 vote (Councilman McLemore and Councilman Scarboro absent).

#### **Minutes: March 27, 2017 Regular Meeting**

Mayor Rabil asked if there were any corrections to the minutes of the March 27, 2017 Regular meeting. Hearing none, he asked for a motion. Councilwoman Hilliard made the motion to approve the March 27, 2017 Regular meeting minutes and Vice-Mayor Cheatham seconded it.

The motion was approved by a 5 – 0 vote (Councilman McLemore and Councilman Scarboro absent).

Mayor Rabil informed all in attendance that Councilman Scarboro was absent because he is out of town for his son's wedding in Louisiana and he assumed that Councilman McLemore would be in the meeting.

**OLD/NEW BUSINESS****USDA Rural Development Grant Resolution # 2017 – 04**

Mayor Rabil recognized Manager Martin to present the USDA Rural Development Grant. Manager Martin reported that the City has been awarded a U. S. Department of Agriculture Rural Development division grant to assist with the purchase of a replacement police patrol vehicle. Manager Martin stated that this grant came at a needed time to replace one of the oldest/highest maintenance cost vehicles. The City did not purchase any police vehicles this year. The grant award is for \$25,000 which the city must match with \$20,500. The recommended action of Council is to approve Resolution # 2017 – 04 to authorize acceptance of the USDA grant.

Councilman Burgess made the motion to approve Resolution # 2017 – 04 to authorize acceptance of the USDA grant and Councilman Johnson seconded it.

Mayor Rabil asked if there were any other comments or questions, hearing none Council voted.

The motion was approved by a 5 – 0 vote (Councilman McLemore and Councilman Scarboro absent).

**FY 2017 – 2018 Budget Request Overview**

Manager Martin presented the FY 2017 – 2018 Budget Requests overview for Council. Manager Martin stated that this report is intended to update Council on where we are in terms of the cumulative budget requests before beginning the scheduled budget work sessions on April 17, 18 & 20, 2017. The following is a summary of the presentation:

**General Fund**

The FY 2017 – 2018 Preliminary General Fund Budget Requests show a variance of expenditure requests over projected revenue in the amount of \$3,698,381. The pre-adjusted variance deducting the expenditures associated with the proposed energy efficient project shows an amount of \$2,307,081 in expenditure requests over projected revenue.

The unassigned General Fund Balance at June 30, 2016 was \$5,490,089 which is an increase of \$366,602 or 7.1% over the balance at June 30, 2015.

FY 2017 – 2018 Requests related to personnel is as follows:

- There is no adjustments in FY 2018 related to VRS cost.
- Includes higher City costs for a 10.3% increase in health insurance.
- Includes requested funding for 3.5 net Full Time Employee new positions in multiple departments.
- Includes full year funding of all vacant positions in all departments:
  - Police, Fire & Rescue, Community Development, Finance, Public Works; and Administration.
  - Current year budget included vacancy savings.

**Enterprise Funds****Solid Waste**

- Maintains solid cash balance going into FY 2017 – 2018
  - Cash at 2/28/17 was \$445,948 and it is within policy guidelines.
- Maintains current user fee for solid waste collection services - \$38 for residential; however, after SPSA finalizes its budget the fee will decrease effective after January, 2018.
- Includes purchase of a new replacement garbage truck (“Pay As You Go” using cash reserve funds).
  - Per CIP Replacement schedule for 12 year old collection truck

**Water & Sewer Fund**

- Maintains stable cash balance going into FY 2017 – 2018.
  - Cash balance at 2/28/17 was \$1.42 million and within policy and guidelines.
- There are no proposed changes in Water & Sewer rates.
- Includes additional funding for professional services of \$50,000 for City share of the Franklin/Southampton County Shared Utility Study next steps.
- Continues funding for planned water line and sewer system improvements (e.g. wastewater collection system rehabilitation).

**Airport Fund**

- No significant changes in revenue projections or operating costs.
- No new capital projects proposed for FY 2017 – 2018.
- Request as submitted would decrease the local general fund transfer to support operations by \$116,618.

**Electric Fund**

- No City increase in the retail rate is proposed based upon the expectation that Dominion does not plan a wholesale rate increase effective July 1, 2017.
- The fuel adjustment rate is projected to change from \$0.00225 to 0.00825 effective April 1, 2017.
  - Residential customers will see a \$6.00 increase in costs based on 1,000 KWH usage effective with subsequent monthly billings.
- Per the City’s cash balance policy, \$285,156 is included in the budget for a cash balance replenishment of 2.0% of the total budget, excluding fuel adjustment factor. The Cash balance in the fund at 2/28/17 was \$644,526.

**School Fund**

- Superintendent’s proposed budget requests an increase in local funding from the City of \$350,000,
- School Board is expected to formally adopt the Division’s final budget request on April 27, 2017.

- City's tentative budget calendar reflects the City Council considering action on the School's budget on May 22, 2017.

### **Debt Service**

The FY 2017 – 2018 Debt Service Obligation compared to FY 2016 – 2017 is as follows:

<b>Fund</b>	<b>FY 2017 - 2018</b>	<b>FY 2016 – 2017</b>	<b>Budget Variance FY 2017 – 2018 over FY 2016 – 2017</b>
General Debt	\$456,112	\$452,614	\$ 3,498
School Debt	\$678,233	\$675,596	\$ 2,637
Tax Supported Debt	\$1,134,345	\$1,128,210	\$ 6,135
Water & Sewer	\$366,234	\$367,047	\$ (813)
Electric	\$253,554	\$252,100	\$ 1,454
Solid Waste	\$19,184	\$19,087	\$ 97
Total	\$638,972	\$638,234	\$ 738

Manager Martin concluded his presentation by discussing the refunding/restructuring results that have been achieved since the fall of 2015. Overall the City is in good financial shape as it relates to debt. Manager Martin then reviewed the next steps in the budget calendar. After answering questions and hearing comments from Council, the meeting continued.

Councilman McLemore arrived during the Manager's budget presentation.

### **City Manager's Report**

Manager Martin had distributed an excerpt from the Virginia Town & City magazine that featured the cover article entitled "Business incubator thrives in rural region" focused on the Franklin Business Center. Manager Martin stated that the article was very good and he praised the FSEDI staff for their efforts.

Manager Martin also updated Council on the software conversion. The City has continued with the transition to the new financial software. He thanked all the departments involved and commented that the Treasurers' Office and Utility Billing in particular had recently put in a lot of hours to accomplish this task. He stated that there have been minimal issues so far with the conversion. The recent conversion focused on utility billing and collections.

Mayor Rabil also thanked all the staff involved in the conversion process.

**COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS**

Councilman Johnson reported on the Citywide Revival held recently at First Baptist Church of Franklin in which he attended. It was also attended by Councilwoman Hilliard, Manager Martin and Mayor Rabil. Councilman Johnson stated that the Mayor made a few remarks and the event was well attended and everyone had a good time.

Councilman Burgess announced that Mrs. Ann O'Brien the wife of former Chief of Police Bill O'Brien passed away. He asked that everyone keep the family in their thoughts and prayers.

Mayor Rabil reported on the Senior Services forum that he attended. He reported that the event was well organized and attended.

Councilman Johnson thanked the Public Works department for fixing an issue with a manhole cover on Pine Street. He stated that the citizens were grateful for the repair.

Mayor Rabil stated that if anyone sees anything that is in disrepair and particularly things that may be a potential hazard please call the City and make us aware so we can fix the issue. The City would greatly appreciate citizens reporting it. Mayor Rabil asked everyone to pick up their trash and another piece or two to help clean up our City and keep it looking nice.

Councilman McLemore thanked Public Works for all their work during Spring Amnesty Week. He stated that he was able to clean and throw away things that he no longer needed. He also thanked Parks and Recreation and Public Works for all the work that has been done to our neighborhood parks. He stated that everyone has done a great job.

Councilman Burgess asked Attorney Williams if there is a closing date for the Hayden Center property.

Attorney Williams stated that the closing was scheduled to take place sometime between April 24 – 26, 2017.

**Adjournment**

Vice-Mayor Cheatham made a motion to adjourn the meeting which was seconded by Councilman Burgess.

The motion was approved by a 6 – 0 vote (Councilman Scarboro).

**Mayor Rabil declared the meeting adjourned at 7:35 p.m.**

**These Minutes for the April 10, 2017 City Council Regular Meeting were adopted on the 24<sup>th</sup> day of April, 2017.**

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**Mayor**

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**Clerk to City Council**



**FINANCE**

- A. City/School Division FY 2017 – 2018 Budget Amendment # 2017 – 13**
- B. Community Development Vehicle Replacement Budget Amendment # 2017- 14**
- C. Financial Report: March, 2017**
- D. FY 2017 – 2018 Health Insurance Plan Renewal**



April 19, 2017

To: Mayor & Council Members

From: R. Randy Martin

Subject: City & School Division Budget Amendments # 2017 - 13

Enclosed is budget amendment # 2017 – 13 for Council consideration. The amendment includes receipt of a Byrne Justice Assistance Grant for the purchase of Police equipment. The city matches the \$5,508.00 grant with \$612.00 for a project total of \$6,120.00

Also included is an amendment requested by the School Division for a supplemental appropriation of \$220,663.75 to reflect an award of a School Improvement Grant for S. P. Morton Elementary School.

**Action Recommended:** Council authorize the appropriations by adopting Budget Amendment # 2017 – 13.

Enclosures

## BUDGET AMENDMENT 2017-13

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRANKLIN, VIRGINIA that the 2017-13 City Budget is hereby amended to recognize additional revenues and to appropriate such revenue for new uses.

			2016-2017 Budget	Amended Budget	Increase (Decrease)
<b>REVENUE</b>					
<b>#100 GENERAL FUND</b>					
100	33010	0012 Justice Assitance Grant	\$ 6,000	\$ 12,120	\$ 6,120
<b>EXPENDITURE</b>					
100	31100	8010 Byrne Justice Grant-Equipment	\$ 6,000	\$ 12,120	\$ 6,120
 <b>REVENUE</b>					
<b>#250 EDUCATION FUND</b>					
250	33010	0261 Title I 1003A School Improvement Grant	\$ -	\$ 220,634	\$ 220,634
<b>EXPENDITURE</b>					
250	60000	0061 Title I 1003A	\$ -	\$ 220,634	\$ 220,634

*Certified copy of resolution adopted by  
Franklin City Council*

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*Clerk to the City Council*



# COMMONWEALTH of VIRGINIA

## Department of Criminal Justice Services

Francine C. Ecker  
Director

March 27, 2017

1100 Bank Street  
Richmond, Virginia 23219  
(804) 786-4000  
TDD (804) 786-8732

Mr. Randy Martin  
City Manager  
City of Franklin  
207 West Second Avenue  
Franklin, VA 23851

**Title:** Byrne Justice Assistance Grant, 17-RI186LO16

Dear Mr. Martin:

The Byrne Justice Assistance Grant Program (JAG) makes federal funds available to localities to help support their efforts to reduce crime and improve public safety. The Department of Criminal Justice Services has been designated to administer a portion of the JAG funds reserved for Virginia and to make those funds available to local units of government. I am pleased to advise you that we are awarding your locality \$5,508.00 in federal funds. With the required local cash matching funds of \$612.00, your total award is \$6,120.00.

Enclosed you will find a *Statement of Grant Award and a Statement of Grant Award Special Conditions*. To indicate your acceptance of the award and conditions, please complete and sign the award acceptance and return it to Janice Waddy, General Administration Manager II, Office of Grants Management, at the Department of Criminal Justice Services (DCJS). Please review the conditions carefully; as they include specific requirements about how the grant funds must be managed once you receive them. We are required to provide the entire federal portion of your award in one distribution. Please refer to the enclosed "Post Award Instructions and Reporting Requirements" for details on how to request funds using our online Grants Management Information System (GMIS). **All financial reports and request for funds must be submitted through GMIS.**

In order to complete the award acceptance, you must also provide information on how your locality will use the awarded federal funds. Instructions are attached.

We appreciate your interest in this grant program and will be happy to assist you in any way we can to assure your project's success. If you have any questions, please contact Shellie Evers at (804) 678-8993 or by email at [shellie.evers@dcjs.virginia.gov](mailto:shellie.evers@dcjs.virginia.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Francine C. Ecker".

Francine C. Ecker  
Director

Enclosures

cc: Chief Phillip M. Hardison, Chief of Police  
Mr. Scott Halverson, Administrative Sergeant  
Ms. Shellie Evers, DCJS Monitor

# Department of Criminal Justice Services

1100 Bank Street, 12<sup>th</sup> Floor, Richmond, VA 23219

## Byrne Justice Assistance Grant Statement of Award/Acceptance

<b>Subgrantee:</b> City of Franklin	<b>Date:</b> March 27, 2017 <b>Grant No:</b> 17-R1186LO16	<b>Grant Period:</b> April 1, 2017– December 31, 2017
<b>Project Director</b>	<b>Project Administrator</b>	<b>Finance Officer</b>
Chief Phillip M. Hardison Chief of Police City of Franklin 1018 Pretlow Street  Franklin, VA 23851  Phone No: (757) 562-8577	Mr. Randy Martin City Manager City of Franklin 207 West Second Avenue  Franklin, VA 23851  Phone No: (757) 562-8561	Mr. Scott Halverson Administrative Sergeant Franklin City Police Department 1018 Pretlow Street  Franklin, VA 23851  Phone No: 757-562-8549
<b>TOTAL PROJECT</b>	<b>Federal</b> \$5,508	<b>Subgrantee Cash Match</b> \$ 612
	<b>TOTAL</b> \$6,120	

This grant is subject to all rules, regulations, and special conditions included in this award.



Francine C. Ecker, Director

Please provide the information requested below. See attached instructions for completing the award acceptance. Enter the amount of Federal funds you plan to spend in each category below. The total of Federal funds entered must equal the total of Federal funds awarded in this grant. Please round to the nearest dollar.

Purpose Areas	Federal Amount	Category
<b>1. Law Enforcement</b>		
a. Hiring	\$	# Current Officers _____
b. Overtime	\$	# Officers to Hire _____
c. Equipment:		# Current Support Personnel _____
(1) Traditional Law Enforcement Equipment	\$ 6,120	# Support Personnel to Hire _____
(2) Information Technology	\$	Sworn <input type="checkbox"/> Civilian <input type="checkbox"/>
<b>2. Prosecution &amp; Courts</b>	\$	
<b>3. Prevention &amp; Education</b>	\$	
<b>4. Corrections &amp; Community Corrections</b>	\$	
<b>5. Drug Treatment</b>	\$	
<b>6. Planning, Education &amp; Technology Improvement</b>	\$	

The undersigned, having received the Statement of Grant Award/Acceptance and the Conditions attached thereto, does hereby accept this grant and agree to the conditions pertaining thereto, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Signature of Project Administrator: \_\_\_\_\_ Title: \_\_\_\_\_

# STATEMENT OF GRANT AWARD SPECIAL CONDITIONS

Department of Criminal Justice Services  
1100 Bank Street, 12<sup>th</sup> Floor  
Richmond, Virginia 23219

## Byrne Justice Assistance Grant Program

Grantee: Franklin City

Grant Number: 17-R1186LO16

Federal Catalog No.: 16.738

Title: Local L. E. Block Grant

Date: March 27, 2017

The following conditions are attached to and made a part of this grant award:

1. By signing the Statement of Grant Award/Acceptance, the grant recipient agrees:
  - to use the grant funds to carry out the activities subgrantee establishes in the Statement of Grant Award/Acceptance, as modified by the terms and conditions attached to this award or by subsequent amendments approved by DCJS;
  - to adhere to the approved budget contained in this award and amendments made to it in accord with these terms and conditions;
  - and, to comply with all terms, conditions and assurances attached to this award.
2. The subgrantee agrees to submit such reports as requested by DCJS.
3. By accepting this grant, the recipient assures that funds made available through it will not be used to replace state or local funds that would, in the absence of this grant, be made available for the same purposes.
4. By accepting this grant, the recipient assures that a trust fund will be established in which to deposit grant funds. Any interest gained from the trust fund may be used to add to the Federal award amount. Any interest earned must be spent within the grant period, and on eligible program activities.
5. If these requirements can be met within the recipient's current financial management system, there is no need to establish a separate account.
6. Grant funds are not to be used to purchase, lease, rent, or acquire tanks or armored vehicles, fixed-wing aircraft, limousines, real estate, yachts, consultants, or any vehicle not used primarily for law enforcement.
7. The subgrantee agrees to forward a copy to the DCJS of the scheduled audit of this grant award.
8. All purchases for goods and services must comply with the Virginia Public Procurement Act. Procurement transactions, whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free competition. An exemption to this regulation requires the prior approval of the DCJS and is only given in unusual circumstances. Any request for exemption must be submitted in writing to the DCJS.
9. PROJECT INCOME: Any funds generated as a direct result of DCJS grant funded projects are deemed project income. Project income must be reported on forms provided by DCJS. The following are examples of project income: Service fees; Client fees; Usage or Rental fees; sales of materials; income received from sale of seized and forfeited assets (cash, personal or real property included).
10. The subgrantee agrees that it and all its contractors will comply with the following federal civil rights laws as applicable:
  - Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color, or national origin in the delivery of services (42 U.S.C. § 2000d), and the DOJ implementing regulations at 28 C.F.R. Part 42, Subpart C;
  - The Omnibus Crime Control and Safe Streets Act of 1968, which prohibits discrimination on the basis of race, color, national origin, religion, or sex in the delivery of services and employment practices (42 U.S.C. § 3789d(c)(1)), and the DOJ implementing regulations at 28 C.F.R. Part 42, Subpart D;

## Statement of Grant Award Special Conditions (Continued)

Grant No: 17-R1186LO16

- Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in the delivery of services and employment practices (29 U.S.C. § 794), and the DOJ implementing regulations at 28 C.F.R. Part 42, Subpart G;
  - Title II of the Americans with Disabilities Act of 1990, which prohibits discrimination on the basis of disability in the delivery of services and employment practices (42 U.S.C. § 12132), and the DOJ implementing regulations at 28 C.F.R. Part 35;
  - Title IX of the Education Amendments of 1972, which prohibits discrimination on the basis of sex in education programs and activities (20 U.S.C. § 1681), and the DOJ implementing regulations at 28 C.F.R. Part 54;
  - The Age Discrimination Act of 1975, which prohibits discrimination on the basis of age in the delivery of services (42 U.S.C. § 6102), and the DOJ implementing regulations at 28 C.F.R. Part 42, Subpart I; and
  - The DOJ regulations on the Equal Treatment for Faith-Based Organizations, which prohibit discrimination on the basis of religion in the delivery of services and prohibit organizations from using DOJ funding for inherently religious activities (28 C.F.R. Part 38).
  - The Juvenile Justice and Delinquency Prevention Act of 1974, as amended, which prohibits discrimination in both employment and the delivery of services or benefits based on race, color, national origin, religion, and sex in JJDP-funded programs or activities (42 U.S.C. § 5672(b)).
  - Section 1407 of the Victims of Crime Act (VOCA), as amended, which prohibits discrimination in both employment and the delivery of services or benefits on the basis of race, color, national origin, religion, sex, and disability in VOCA-funded programs or activities. (42 U.S.C. § 10604).
11. The subgrantee agrees that in the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, sex, or disability against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, Office of Justice Programs.
12. By accepting the accompanying grant award, you are agreeing to submit financial reports during the grant period, as well as a final report to close out the grant. **Financial reports are due no later than the close of business on the 12th working day after the end of the quarter.**
13. Grant funds, including match, must be expended and/or obligated during the grant period. All legal obligations must be liquidated no later than 90 days after the end of the grant period. The grant recipient agrees to supply a final grant financial report and return all unexpended grant funds to DCJS within 90 days of the end of the grant period.
14. **No extensions of the grant period for this award will be permitted.**
15. Prior to DCJS disbursing funds, the Grantee must comply with the following special conditions:
- a) Submit a budget narrative outlining all expenditures.



# COMMONWEALTH of VIRGINIA

*Department of Criminal Justice Services*

Francine C. Ecker  
Director

1100 Bank Street  
Richmond, Virginia 23219  
(804) 786-4000  
TDD (804) 786-8732

## NOTICE

To: Grants Project Administrator

From: Janice Waddy, DCJS Grants Administrator

Re: Post Award Instructions and Reporting Requirements  
**PLEASE READ VERY CAREFULLY**

**GRANT AWARD AND SPECIAL CONDITIONS:**

Please review your Award and Special Conditions very carefully. *Pay attention to the last Special Condition listed. This Special Condition may require additional documentation from you before grant funds can be released.* Sign and date the grant award acceptance and submit any Special Condition documentation to:

Office of Grants Management  
Department of Criminal Justice Services  
1100 Bank Street, 12<sup>th</sup> Floor  
Richmond, Virginia 23219

**REPORTING REQUIREMENTS**

By accepting the accompanying grant award, you are agreeing to submit on-line quarterly financial reports for this grant throughout the grant period, as well as final reports to close the grant. **No eligible current recipient of funding will be considered for continuation funding if any of the required Financial reports for the current grant are more than thirty (30) days overdue.** For good cause, submitted in writing by the grant recipient, DCJS may waive this provision.

Financial reports are due no later than the close of business on the 12<sup>th</sup> working day after the end of the quarter. Reports are required even if no expenditures have occurred during the quarter. ***Requests for Funds will not be honored from grant recipients who do not fulfill this reporting obligation.*** A schedule of due dates is attached for your reference. Please retain copies of the schedule for future use and reference.



☐ **FINANCIAL REPORTS**

Refer to our website for submitting financial reports through our online Grants Management Information System (GMIS). In order to use this web-based system, if you have not previously done so, you must obtain a user name and password set up by your Finance Officer, whose name and contact information is listed on the attached Grant Statement of Award/Acceptance. The address is: <http://www.dcjs.virginia.gov/grantsAdministration/gmis/index.cfm?menuLevel=4>.

**Paper copies of the Financial Reports are no longer accepted. You are required to use the online system in reporting your expenditures.**

☐ **REQUESTING GRANT FUNDS**

Refer to our website for requesting funds through our online Grants Management Information System (GMIS). In order to use this web-based system, if you have not previously done so, you must obtain a user name and password set up by your Finance Officer, whose name and contact information is listed on the attached Grant Statement of Award/Acceptance. \*Please note you can access this system using the same password assigned for the online financial reporting system. The address is: <http://www.dcjs.virginia.gov/grantsAdministration/gmis/index.cfm?menuLevel=4>.

**You are required to use the online system for requesting fund. Paper copies of the Request for Funds are no longer accepted.**

If you have any questions, please contact Beverly Johnson at (804) 786-9055 or by e-mail at [beverly.johnson@dcjs.virginia.gov](mailto:beverly.johnson@dcjs.virginia.gov).

**PROJECTED DUE DATES  
FINANCIAL REPORTS**

*Reports are due by the 12th working day following the close of the quarter covered in the report.  
Financial reports are required even if no expenditures have occurred.*

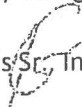
<b><i>QUARTER ENDING</i></b>	<b><i>DUE DATE</i></b>
6/30/2017	7/19/2017
9/30/2017	10/18/2017
12/31/2017	1/19/2018
3/31/2018	4/17/2018



# Franklin City Public Schools

207 West Second Avenue  
Franklin, Virginia 23851-1713  
(757) 569-8111 • Fax (757) 516-1015

TO: Mr. Randy Martin, City Manger

FROM: Mr. Kelvin M. Edwards,  Interim Superintendent

RE: FY 2017 Supplemental Appropriation Request for School Improvement Grant

DATE: April 6, 2017

The Department of Education recently notified Franklin City Public Schools of an award of a School Improvement Grant under Title I section 1003(a) in the amount of \$220,663.75 for SP Morton Elementary School. The School Board approved a budget amendment and request for appropriation at their meeting on April 6, 2017. The grant award is for the period beginning October 1, 2016 through September 30, 2017, therefore time is of the essence. This grant is awarded specifically for the cost of the Division's Improvement Partner, Catapult. Since the awarding of the grant was anticipated awaiting completion of the approval process at the state, the required services are well underway as mandated by the Division's Memorandum of Understanding with the Department of Education.

The School Division requests City Council's approval of this appropriation. This grant does not require a local match, therefore the local transfer to schools will be unaffected by approval of this appropriation request.

In order to correctly account for the funds, we request that the school appropriation be increased by \$166,825. The amendments should be to the following revenue and expenditure accounts:

#### Revenues

250-3-33010-0261	Title I 1003a School Improvement Grant	\$220,633.75
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#### Expenditures

250-4-60000-0061	Title I 1003A	\$220,633.75
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Please add this appropriation to the next City Council meeting agenda. As always, my staff and I are available if you have any questions.

cc: Tracy Gregory, Franklin City Interim Finance Director  
Sheila S. Minor, Interim Director of Finance, FCPS




# COMMONWEALTH *of* VIRGINIA

DEPARTMENT OF EDUCATION  
P. O. BOX 2120  
RICHMOND, VIRGINIA 23218-2120

January 26, 2017

**TO:** Franklin City Public Schools  
Mr. Kelvin Edwards, Superintendent

**FROM:** Beverly W. Rabil, Director   
Office of School Improvement

**SUBJECT:** Office of School of Improvement Grant Application for Fiscal Year (FY) 2017

The Virginia Department of Education is pleased to inform you that the application for Franklin City Public Schools has been approved for Fiscal Year (FY) 2017 School Improvement Funds under Section 1003(a) of the Elementary and Secondary Education Act of 1965 (ESEA) as amended by the No Child Left Behind Act of 2001 (NCLB). Applications and reimbursement requests will be continually reviewed for compliance with U.S. Department of Education grant requirements.

The total grant award for your division for School Year (SY) 2016-2017 is **\$220,633.75**. Please review the grant award carefully to ensure proper accounting.

The school(s) in your division is awarded 1003 (a) funds for School Year 2016-2017 to continue the required implementation of the reform model selected. The funding for 1003 (a) grants will come from grant award number S010A160046 totaling \$ 220,633.75. **The grant award period for these funds is October 1, 2016 – September 30, 2017. All funds must be encumbered by September 30, 2017. All reimbursements must be entered into OMEGA by November 15, 2017.**

Each school division must align its award in the Online Management of Educational Grant Awards (OMEGA) system within thirty days of the approved continuation application budget. Necessary revisions to the budget(s) need to be submitted to your division's priority school point of contact as an amendment. Once your priority school point of contact approves, you then will have to enter a budget transfer request in OMEGA.

For accurate and efficient management of federal funds, the Office of School Improvement recommends submitting application/budget amendments during these specified time periods: January-February and May-June. Submitting application/budget amendments during the specified time periods ensures utilization of the funds in accordance with federal guidelines for school turnaround.

If you have questions or need additional information, please contact Kristi D'Souza, ESEA Lead Coordinator, at 804-371-6201 or [Kristi.D'Souza@doe.virginia.gov](mailto:Kristi.D'Souza@doe.virginia.gov); or Natalie Halloran, ESEA Lead Coordinator, at 804-786-1062 or [Natalie.Halloran@doe.virginia.gov](mailto:Natalie.Halloran@doe.virginia.gov); or Danette Fleming, Reports and Grants Manager, at 804-371-4989 or [Danette.Fleming@doe.virginia.gov](mailto:Danette.Fleming@doe.virginia.gov).

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**DEPARTMENT OF COMMUNITY DEVELOPMENT  
PLANNING - BUILDING INSPECTIONS – ZONING**

To: R. Randy Martin, City Manager  
From: Donald E. Goddwin, CBO, CFM, Director of Community Development  
Date: April 19, 2017  
CC: City Council Members  
RE: Budget Amendment for Community Development Fleet Vehicles

This budget amendment is to fund the purchasing of 2 inspection vehicles as discussed with you and City Council during our budget hearing on April 18, 2017. As discussed, this urgent need arises from the service demand placed on this department as a result of the recent approval of a 100 megawatt solar project located in Southampton County between Newsoms and Boykins. Permit fees (building, electrical, stormwater and E&S) collected to date for this project alone are sufficient to cover this acquisition. Due to the topography and the various terrain conditions we'll encounter we plan to purchase 2 four wheel drive vehicles. We feel this will give us the most reliable service for this project and the many others we encounter during normal operations.

**STAFF RECOMMENDATION: Approve budget amendment # 2017-14 in the amount of \$60,000 for Community Development to the following line items:**

<b>100-4-34100-8105</b>	<b>\$28,000</b>	<b>Inspections</b>
<b>100-4-81100-8105</b>	<b>\$32,000</b>	<b>Planning</b>



**General & Enterprise Funds  
For the Period Ending March 31, 2017**

Based on Unaudited Financial Data



**HIGHLIGHTS – GENERAL FUND**  
**Ending March 31, 2017**

Based on Unaudited Financial Data



# Basis of Reporting

- The information enclosed in the City's Financial Report for the period ending March 31, 2017.
- The report contains provisions for **most** revenue and expenditure accruals.
  - Reflects 9 months of revenue & expenditures in most cases (where noted, the 9th month has been estimated) –modified accrual basis of accounting.
- Financial Report presentation is consistent with department's objectives to:
  - Report timely, relevant, understandable and accurate financial data
  - Promote accountability through monitoring, assessment and reporting.

## Revenue Highlights – Tax Collections

- ❑ Overall General Property Tax collections of \$4.54 are down from FY 16 collections of \$4.70 mil. There are five major sources included in General Property Taxes:
  - ❑ Real Estate taxes (Current & Delinquent)
  - ❑ Personal Property (Current & Delinquent)
  - ❑ Penalty and Interest on Taxes
  - ❑ Public Service Corporation taxes
  - ❑ Machinery & Tools Taxes

## Revenue Highlights – Tax Collections

- Current Real Estate taxes**\* at \$2.65 million is \$69,930 or 2.57% less than the prior year.
- Delinquent RE taxes**\* of \$191,753 are on target at 79.9% of the budget realized.
- Personal Property taxes**\* at \$1.49 mil are at 99% of budget and 4.5% higher than prior period collections of \$1.42 million.
- Penalties and Interest**\* at \$96,171 are at 62% of budget and down from prior year period collections of \$125,988 and has made some gain since the prior month.
- Public Service Corporation taxes** - \$68,614 is at 101% of budget.

\*These revenue sources are projected to have a cumulative shortfall of \$391,767 at 6/30/17.

# General Property Taxes- Overall BUDGET COMPARISON-Cash Basis

REVENUE SOURCE	2016-2017	ACTUAL	BUDGET	2015-2016	ACTUAL	BUDGET
	BUDGET	Current Year	%	BUDGET	Prior Year	%
Real Estate Taxes-Current	\$ 5,447,115	\$ 2,652,386	48.7%	\$ 5,456,874	\$ 2,722,316	49.9%
Real Estate Taxes-Delinquent	240,000	191,753	79.9%	190,000	323,165	170.1%
Personal Property Taxes-Current	1,500,000	1,486,574	99.1%	1,450,000	1,422,023	98.1%
Personal Property Taxes-Delinquent	45,000	26,966	59.9%	65,000	26,017	40.0%
Machinery & Tools	23,578	20,114	85.3%	23,577	19,402	82.3%
Penalties & Interest Taxes	155,000	96,171	62.0%	145,000	125,988	86.9%
Public Service Corporation Taxes	68,000	68,614	100.9%	66,863	67,087	100.3%
<b>GENERAL PROPERTY TAX</b>	<b>\$ 7,478,693</b>	<b>\$ 4,542,578</b>	<b>60.7%</b>	<b>\$ 7,397,314</b>	<b>\$ 4,705,998</b>	<b>63.6%</b>

Current	\$ 4,542,578
Prior Year	\$ 4,706,998
Net Change \$	-164,420
Net Change %	-3.5%

## Local Tax Revenue - (Prior Year Comparison) – Modified Accrual Basis

	Meals Taxes	Lodging Taxes	Cigarette Taxes	Sales Taxes	Total
Mar-16	1,109,070	92,451	255,819	1,303,126	2,760,466
Mar-17	1,096,954	103,400	221,661	1,330,106	2,752,121
Prior Year \$	(12,116)	10,949	(34,158)	26,980	(8,345)
Prior Year %	-1.09%	11.84%	-13.35%	2.07%	-0.30%

At nine (9) months into the fiscal year, it is projected that the Local Tax Revenue sources will be short \$47,500 of meeting the targeted projections.

# Local Tax Revenue (Budget per Actual Comparison)-(Modified Accrual Basis)

Benchmark – 75%

	FY 16-17 Budget	3/31/2017	% of Budget Realized
Local Sales & Use*	\$ 1,823,000	\$ 1,330,851	73.0%
Cigarette Taxes	\$ 345,000	\$ 221,661	64.2%
Meals Taxes*	\$ 1,420,000	\$ 1,096,954	77.3%
Lodging Taxes*	\$ 130,000	\$ 103,400	79.5%
<b>Total Local Tax Revenue</b>	<b>\$ 3,718,000</b>	<b>\$ 2,752,866</b>	<b>74.0%</b>

\*prepared on modified accrual basis - revenue sources include a one or two month projection based on prior history - business licenses tax is tracked beginning March

At (9) months into the fiscal year, it is projected that local sales & use taxes and cigarette taxes will not meet targeted projections; net projected deficit of all Local Tax Revenue sources is (\$47.5k) at the end of the 3<sup>rd</sup> quarter

## Revenue Summary – Cash Basis

- Overall, total current general fund revenue reported at **\$14.41 mil** (69.5% of budget) is a net **\$280,964 less** when compared to the **\$14.69 mil** (71.4% of budget) realized prior year period. The majority is associated with one source\*\*\*.

### Summary of Major Net Revenue Decrease

Revenue Source	Amount
State Funds –Categorical aid	<b>-237,000</b>
Real estate taxes (primarily delinquent)	<b>-201,000</b>
Personal Property taxes	+67,000
Storm Management Fees – SO CO	+25,000
Misc. Revenue (property sale) – one time source in FY16	<b>-40,000</b>
Ambulance billing charges	<b>-36,000</b>
Chowan River Gauge monitoring fees	<b>+36,000</b>
Fire Program Fund – equipment grant	+25,000
Recovered cost – SH County Quarterly payment	+70,000



# GENERAL FUND EXPENDITURES

For the period ending March 31, 2017





# General Fund Expenditure Highlights

- General Fund expenditures at the end of the period total \$11.41 mil and represents 70.9% of the total budget; when compared to the prior year period of \$11.29 mil, this is a \$120,000 (1.06%) increase.
- ***There are numerous variances (increases & decreases). A few are shown below:***

Expenditures:	Prior Year Actual	Current Year Actual	Spending Increase (Decrease)	Primary Reason for Variance
100-4-12210 CITY ATTORNEY *****	103,206.82	132,642.86	29,436.04	professional services
100-4-12220 MANAGEMENT SERVICES & HR*****	113,382.94	66,976.09	(46,406.85)	personnel vacancy
100-4-12410 CITY TREASURER *****	191,978.81	211,624.97	19,646.16	position filled in current year
100-4-12430 ACCOUNTING *****	185,800.88	237,637.89	51,837.01	position filled in current year, professional services
100-4-12560 INFORMATION TECHNOLOGY*****	173,748.35	118,349.93	(55,398.42)	One time capital outlay
100-4-21910 DISTRICT COURT SERVICE ***	13,014.09	64,521.78	51,507.69	increased utilization
100-4-31100 POLICE ***	2,035,565.00	2,232,851.48	197,286.48	Full and PT Salaries
100-4-31130 E - 911 *****	483,044.50	447,846.05	(35,198.45)	Grant expense
100-4-32100 EMERGENCY MANAGEMENT SERVICES	1,609,407.03	1,748,002.78	138,595.75	positions filled in current year
100-4-34100 BUILDING INSP & CODE ENFORCEMENT***	382,539.96	345,754.27	(36,785.69)	Personnel
100-4-41200 PUBLIC WORKS-STREET MAINTENANCE****	1,480,071.10	1,224,857.51	(255,213.59)	Paving projects prior year with VDOT funds
100-4-43200 BUILDING MAINTENANCE-GENERAL*****	469,250.43	506,210.68	36,960.25	contract services, utilities
100-4-51200 HEALTH DEPARTMENT*****	82,500.00	109,999.89	27,499.89	timing of payment
100-4-52200 MENTAL HEALTH*****	35,198.00	-	(35,198.00)	timing of payment
100-4-71300 RECREATION*****	256,899.37	280,935.92	24,036.55	PT salaries, supplies



# Financial Reports

## ENTERPRISE FUNDS

For the period ending March 31, 2017

Based on Unaudited Financial Data

# Airport Fund

- Revenue:
  - Fuel sales and airport rental fees are below target with 62% of budget realized.
- Expenditures:
  - Expenditures in the fund are on target with 74% of budget expended (net of capital outlay and transfers).
- Cash balance in the Airport Fund is a negative \$124,000; while a general fund transfer is due to the fund of \$133,249, the fund should be monitored on an ongoing basis relative to revenue, expenditures and cash position

# Water & Sewer Fund

- **Revenue Analysis**

- Revenue from the sale of water and sewer service charges of \$2.5 mil at the end of the period is slightly below target at 72.9% of budget. Sale of water and sewer service charges are higher than prior year by \$160k and \$200k, respectively.

- **Expenditure Analysis**

- Expenditures in the Fund are \$1.93 mil and tracking similar to the prior year; expenditures in the current year for sewer system and waste water treatment plant costs have exceeded the prior year while expenditures associated with the water division are less.
  - A portion of the additional costs are associated with Hurricane Matthew related expenditures – the city's project work sheet for FEMA is \$103,000 for water and sewer related costs and is slated for *potential* federal reimbursement to the City at 75%.

- **Cash Balance**

- The cash balance in the Fund at the end of the month is \$1.63 mil up from the \$1.57 million reported last month and 12.94% more than the \$1.44 mil reflected in the prior year period.

# Solid Waste Fund

- **Revenue Analysis**

- Revenue for the Solid Waste Fund is slightly below target with revenue at \$973k or 73.6% and is comparable to the prior year period collections of \$976k.

- **Expenditure Analysis**

- Total net expenditures at \$861k are 69% of the total budget.
  - FT wages and benefits (hiring of vacancies)
  - Tipping fees higher in the current year
  - One time equipment purchase in current year
  - Landfill closure expenditures reflect a reduction - DEQ compliance requirements met resulting in no further costs for closure activities

# Solid Waste Fund – Cash Balance

Cash balance - \$252,699

<u>Month</u>	FY 15-16	FY 16-17
June	\$489,888	\$409,400
July	\$500,732	\$410,551
August	\$516,372	\$425,486
September	\$516,226	\$420,154
October	\$523,758	\$416,155
November	\$576,078	\$422,723
December	\$526,270	\$411,298
January	\$505,773	\$418,851
February	\$553,646	\$445,948
March	\$394,249	\$252,699
April	\$428,223	
May	\$428,088	
June	\$409,400	

Cash in the fund is lower than the prior month due to a \$214k capital lease payment and is a decrease from the prior year period as anticipated due to the "Pay as You Go" alternative to purchase capital equipment in the prior year.

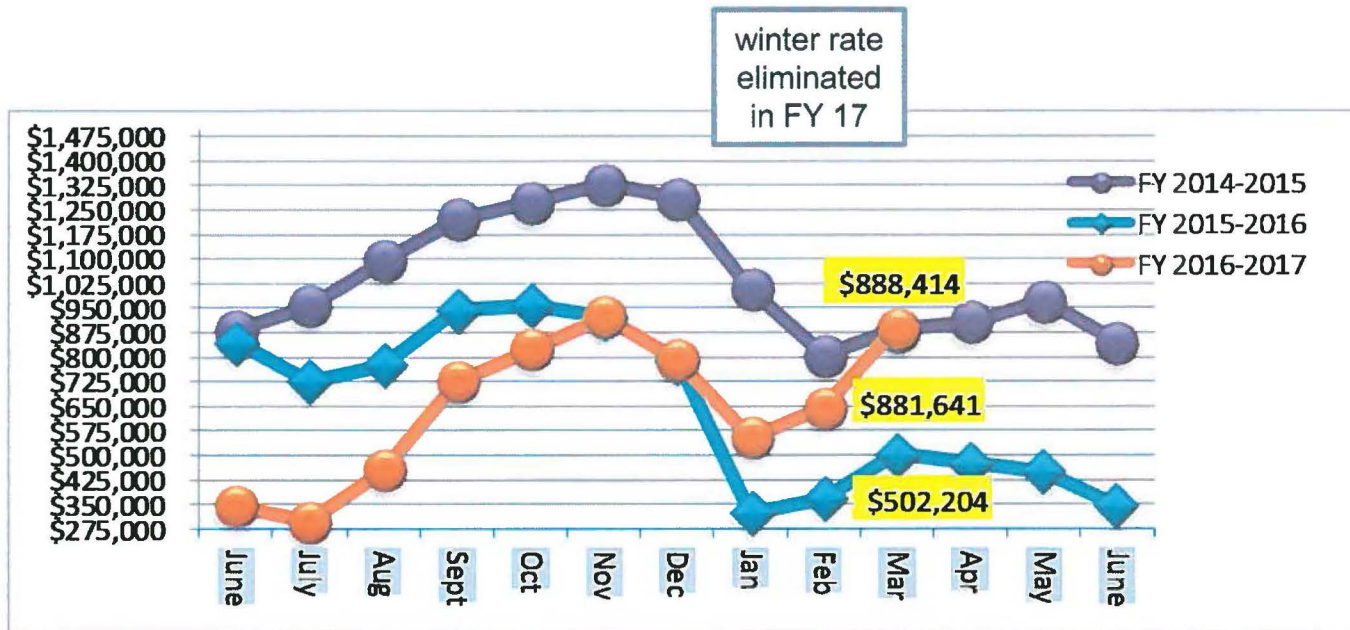
## Electric Fund – Revenue Analysis

- **Revenue** from energy sales at \$12.23 mil is on target at 80.16% of budget; below is a snapshot of prior year billed service revenue, current year budget, actual and % of budget realized:

Account Description	Prior Revenue	Anicipated	YTD Revenue	% Realized
Sale of Electricity -Fuel Adj	932,400	315,911	235,275	74.5%
Sale of Electric Energy-Residential	5,729,258	8,578,082	6,549,985	76.4%
Sale of Electricity-Commercial	4,582,274	6,211,368	4,619,322	74.4%
Cycle & Save	(90,303)	(121,000)	(89,677)	74.1%

- With an accrual of \$896k, **expenditures** associated with the sale of energy for 9 months of the fiscal year (excluding fuel adjustment) will be at \$7.7 mil and will be on target with 74% of the total budget expended. This will be higher than the prior year period of \$7.15 million, about 72% of the budget.

# ELECTRIC FUND CASH ANALYSIS



Cash in the Electric Fund at \$888,414 increased by 38% from the prior month period cash of \$644,525

**Policy Evaluation:**  
Cash is below minimum policy guideline of \$1.494 million by \$606K.



CITY OF FRANKLIN  
GENERAL FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Revenue Account Range: 100-3-11010-0000 to 100-3-41050-0010 Include Non-Anticipated: Yes  
 Expend Account Range: 100-4-11010-0000 to 100-4-93100-9999 Include Non-Budget: No  
 Print Zero YTD Activity: No Year To Date As Of: 03/31/17  
 Current Period: 03/01/17 to 03/31/17  
 Prior Year As Of: 03/31/16

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
100-3-11010-	REAL ESTATE TAXES	3,045,481.45	5,687,115.00	21,196.99	2,844,138.79	0.00	2,842,976.21-	50
100-3-11020-	PUBLIC SERVICE CORPORATION TAXES	67,087.90	68,000.00	0.00	68,614.11	0.00	614.11	101
100-3-11031-	PERSONAL PROPERTY TAXES	1,448,040.37	1,545,000.00	47,642.57	1,513,540.08	0.00	31,459.92-	98
100-3-11040-	MACHINERY & TOOLS TAXES	19,401.62	23,578.00	0.15	20,113.76	0.00	3,464.24-	85
100-3-11060-	PENALTIES AND INTEREST	125,988.15	155,000.00	15,453.37	96,170.79	0.00	58,829.21-	62
100-3-12010-	OTHER LOCAL TAXES	1,019,841.54	1,823,000.00	131,335.08	1,035,106.06	0.00	787,893.94-	57
100-3-12020-	UTILITY TAXES	435,245.58	516,000.00	49,058.66	435,469.07	0.00	80,530.93-	84
100-3-12030-	BUSINESS LICENSE TAXES	933,615.83	950,000.00	333,664.80	922,524.01	0.00	27,475.99-	97
100-3-12035-	BUSINESS LICENSES DELINQUENT	184.04	500.00	0.00	1,033.56	0.00	533.56	207
100-3-12050-	MOTOR VEHICLE LICENSES	138,068.24	160,000.00	10,582.35	138,872.91	0.00	21,127.09-	87
100-3-12055-	MOTOR VEHICLE DELINQUENT	14,681.14	23,000.00	3,930.65	15,792.67	0.00	7,207.33-	69
100-3-12060-	BANK STOCK TAXES	0.00	65,000.00	0.00	0.00	0.00	65,000.00-	0
100-3-12070-	TAXES ON RECORDATION AND WILLS	25,811.30	46,000.00	1,464.12	42,713.74	0.00	3,286.26-	93
100-3-12080-	CIGARETTE TAXES	255,818.88	345,000.00	18,326.40	221,607.58	0.00	123,392.42-	64
100-3-12100-	LODGING TAXES	82,451.57	130,000.00	12,456.96	91,910.66	0.00	38,089.34-	71
100-3-12110-	MEALS TAX	974,070.08	1,420,000.00	116,267.27	975,070.11	0.00	444,929.89-	69

CITY OF FRANKLIN  
GENERAL FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
100-3-12180-	PROBATE TAXES	2,521.72	2,500.00	1,145.25	4,208.48	0.00	1,708.48	168
100-3-13010-	PERMITS AND OTHER LICENSES	3,030.50	4,000.00	290.50	1,920.50	0.00	2,079.50-	48
100-3-13030-	PERMITS AND OTHER LICENSES	117,855.47	161,220.00	45,890.24	167,566.52	0.00	6,346.52	103
100-3-14010-	FINES AND FORFEITURES	19,931.07	40,250.00	2,247.96	20,566.62	0.00	19,683.38-	51
100-3-15010-	REVENUE FROM USE OF MONEY	2,360.49	3,250.00	87.60	597.22	0.00	2,652.78-	18
100-3-15020-	REVENUE FROM USE OF PROPERTY	213,913.85	240,796.00	6,533.80	183,863.11	0.00	56,932.89-	76
100-3-16010-	CHARGES FOR CURRENT SERVICES	10,623.66	9,600.00	372.72	3,758.22	0.00	5,841.78-	39
100-3-16040-	CHARGES FOR OTHER PROTECTION	223,781.56	453,051.00	21,000.16	187,457.72	0.00	265,593.28-	41
100-3-16060-	CHARGES FOR OTHER PROTECTIONS	4,694.59	17,150.00	0.00	8,387.62	0.00	8,762.38-	49
100-3-16070-	MISC BILLING SERVICES	17,442.69-	0.00	78.07	6,098.04	0.00	6,098.04	0
100-3-16080-	CHG FOR SANITATION & WASTE REMOVAL	6,125.86	6,150.00	240.05	9,011.26	0.00	2,861.26	147
100-3-16095-	CHARGES FOR ADMIN-FUNDS	704,868.75	964,866.00	80,405.67	723,650.99	0.00	241,215.01-	75
100-3-16130-	RECREATIONAL FEES	3,179.31	8,150.00	280.00	3,616.25	0.00	4,533.75-	44
100-3-18990-	MISCELLANEOUS	1,070,161.28	1,240,079.00	115,902.65	1,113,608.56	0.00	126,470.44-	90
100-3-19020-	RECOVERED COSTS	90,854.02	295,000.00	38,963.28	183,942.56	0.00	111,057.44-	50
100-3-22010-	NON-CATEGORICAL AID STATE	1,346,468.39	1,668,897.00	46,340.89	1,344,616.48	0.00	324,280.52-	81
100-3-23030-	SHARED EXPENSES	45,622.87	79,876.00	6,615.85	52,432.67	0.00	27,443.33-	66
100-3-23040-	SHARED EXPENSES	39,467.01	72,896.00	5,797.19	44,985.61	0.00	27,910.39-	62
100-3-23060-	SHARED EXPENSES	0.00	34,723.00	0.00	0.00	0.00	34,723.00-	0

CITY OF FRANKLIN  
GENERAL FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
100-3-24040-	CATEGORICAL AID - STATE	2,131,928.24	2,440,908.00	533,762.76	1,902,411.83	0.00	538,496.17-	78
100-3-33010-	CATEGORICAL AID -FEDERAL GOVERNMENT	82,603.81	22,595.00	0.00	21,995.00	0.00	600.00-	97
100-3-41050-	FUNDS TRANSFERS	1,160,700.75	1,815,331.00	133,599.67	1,202,396.99	0.00	612,934.01-	66
	General Fund Revenue Total	15,849,038.20	22,538,481.00	1,800,933.68	15,609,770.15	0.00	6,928,710.85-	69

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
100-4-11010-	**CITY COUNCIL **	121,489.63	148,492.00	17,452.04	121,863.75	0.00	26,628.25	82
100-4-12110-	CITY MANAGER *****	134,267.58	209,138.00	15,557.15	141,411.75	0.00	67,726.25	68
100-4-12210-	CITY ATTORNEY *****	103,206.82	190,580.00	11,511.94	132,642.86	0.00	57,937.14	70
100-4-12220-	MANAGEMENT SERVICES & HR*****	113,382.94	138,854.00	9,012.57	66,976.09	0.00	71,877.91	48
100-4-12310-	COMMISSIONER OF THE REVENUE *****	186,621.02	265,609.00	21,524.39	191,812.39	0.00	73,796.61	72
100-4-12320-	REAL ESTATE ASSESSOR *****	68,532.35	60,725.00	5,961.94	38,560.44	0.00	22,164.56	64
100-4-12410-	CITY TREASURER *****	191,978.81	301,342.00	21,524.78	211,624.97	0.00	89,717.03	70
100-4-12430-	ACCOUNTING *****	185,800.88	337,711.00	25,307.61	237,637.89	0.00	100,073.11	70
100-4-12470-	PURCHASING & GENERAL SERVICES****	61,736.66	90,279.00	6,930.98	65,622.57	0.00	24,656.43	73
100-4-12535-	UTILITY COLLECTIONS & BILLING *****	170,039.16	246,308.00	19,940.21	175,561.87	0.00	70,746.13	71
100-4-12550-	INSURANCE *****	122,387.27	178,159.00	20,035.14	140,066.25	0.00	38,092.75	79
100-4-12560-	INFORMATION TECHNOLOGY*****	173,748.35	270,021.00	15,487.68	118,349.93	0.00	151,671.07	44
100-4-13100-	BOARD OF ELECTIONS *****	81,527.38	114,638.00	9,481.30	78,463.05	0.00	36,174.95	68

CITY OF FRANKLIN  
GENERAL FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
100-4-21100-	CIRCUIT COURT ***	9,528.97	9,036.00	9,036.00	9,036.00	0.00	0.00	100
100-4-21200-	GENERAL DISTRICT COURT ***	11,572.65	18,091.00	364.26	9,445.20	0.00	8,645.80	52
100-4-21600-	CLERK OF CIRCUIT COURT ***	54,861.27	50,089.00	50,089.00	50,089.00	0.00	0.00	100
100-4-21700-	SHERIFF'S OFFICE ***	140,369.62	132,877.00	132,877.00	132,877.00	0.00	0.00	100
100-4-21910-	DISTRICT COURT SERVICE ***	13,014.09	57,882.00	1,127.49	64,521.78	0.00	6,639.78-	111
100-4-22100-	COMMONWEALTH'S ATTORNEY ***	55,185.32	61,855.00	41,855.00	63,855.00	0.00	2,000.00-	103
100-4-23000-	WESTERN TIDEWATER REGIONAL JAIL**	922,090.98	921,980.00	0.00	921,980.00	0.00	0.00	100
100-4-31100-	POLICE ***	2,035,565.00	3,024,000.00	242,784.17	2,232,851.48	0.00	791,148.52	74
100-4-31130-	E - 911 *****	483,044.50	642,947.00	47,897.86	447,846.05	0.00	195,100.95	70
100-4-32100-	EMERGENCY MANAGEMENT SERVICES ***	1,609,407.03	2,343,397.00	251,950.90	1,748,002.78	0.00	595,394.22	75
100-4-34100-	BUILDING INSP & CODE ENFORCEMENT***	382,539.96	509,742.00	44,422.72	345,754.27	0.00	163,987.73	68
100-4-35100-	ANIMAL CONTROL*****	69,028.54	105,308.00	7,323.93	63,989.78	0.00	41,318.22	61
100-4-35500-	CIVIL DEFENSE *****	50,257.79	0.00	0.00	0.00	0.00	0.00	0
100-4-41200-	PUBLIC WORKS-STREET MAINTENANCE****	1,480,071.10	2,369,809.00	127,687.36	1,224,857.51	0.00	1,144,951.49	52
100-4-41330-	PUBLIC WORKS-SNOW REMOVAL****	8,145.66	16,500.00	2,973.85	18,181.68	0.00	1,681.68-	110
100-4-41500-	PUBLIC WORKS-GARAGE****	160,150.04	233,442.00	19,516.70	174,169.66	0.00	59,272.34	75
100-4-43200-	BUILDING MAINTENANCE-GENERAL*****	469,250.43	698,622.00	73,270.12	506,210.68	0.00	192,411.32	72
100-4-43400-	BUILDING MAINTENANCE-ARMORY***	29,602.89	48,586.00	3,521.31	27,622.74	0.00	20,963.26	57

CITY OF FRANKLIN  
GENERAL FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
100-4-43600-	BUILDING MAINTENANCE-CITY HALL****	151,214.66	204,035.00	19,849.65	146,934.97	0.00	57,100.03	72
100-4-43700-	BLDG MAINTENANCE-SOC SERVICES****	52,071.00	80,676.00	11,690.49	64,027.87	0.00	16,648.13	79
100-4-43800-	BUILDING MAINTENANCE-HEALTH DEPT***	14,368.83	34,533.00	4,109.52	17,403.01	0.00	17,129.99	50
100-4-51200-	HEALTH DEPARTMENT*****	82,500.00	110,000.00	54,999.89	109,999.89	0.00	0.11	100
100-4-52200-	MENTAL HEALTH*****	35,198.00	35,198.00	0.00	0.00	0.00	35,198.00	0
100-4-71300-	RECREATION*****	256,899.37	385,727.00	27,526.88	280,935.92	0.00	104,791.08	73
100-4-71400-	CEMETERIES*****	27,200.00	40,500.00	3,788.12	31,532.12	0.00	8,967.88	78
100-4-71500-	SENIOR CITIZENS TITLE III ***	6,350.00	6,659.00	0.00	0.00	0.00	6,659.00	0
100-4-71600-	SENIOR CITIZENS NUTRITION ***	24,422.10	45,679.00	3,858.45	34,243.76	0.00	11,435.24	75
100-4-73100-	LIBRARY*****	212,766.27	304,725.00	4,443.06	223,004.59	0.00	81,720.41	73
100-4-81100-	PLANNING AND ZONING****	120,463.50	201,553.00	18,561.17	134,428.46	0.00	67,124.54	67
100-4-81300-	BEAUTIFICATION COMMISSION ****	3,300.87	19,528.00	0.00	2,916.64	0.00	16,611.36	15
100-4-81600-	DOWNTOWN DEVELOPMENT *****	73,999.41	110,230.00	5,249.73	65,384.84	0.00	44,845.16	59
100-4-91300-	PAYMENTS TO SOUTHAMPTON COUNTY ***	500,000.00	700,000.00	0.00	500,000.00	0.00	200,000.00	71
100-4-91500-	NON-DEPARTMENT MISCELLANEOUS***	37,854.52	22,000.00	5,856.71	45,243.58	0.00	23,243.58-	206
100-4-93100-	TRANSFERS*****	4,184,483.61	6,994,577.00	40,105.25-	4,538,024.84	0.00	2,456,552.16	65
	General Fund Expend Total	15,481,496.83	23,091,639.00	1,376,253.82	15,955,964.91	0.00	7,135,674.09	69

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
100	General Fund	15,849,038.20	1,800,933.68	15,609,770.15	15,481,496.83	1,376,253.82	15,955,964.91	346,194.76-

April 19, 2017  
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CITY OF FRANKLIN  
GENERAL FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Page No: 6

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
	Final Total	15,849,038.20	1,800,933.68	15,609,770.15	15,481,496.83	1,376,253.82	15,955,964.91	346,194.76-

CITY OF FRANKLIN  
ENTERPRISE FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Revenue Account Range: 501-3-00000-0000 to 505-3-41050-0200 Include Non-Anticipated: Yes  
 Expend Account Range: 501-4-00000-0000 to 505-4-93100-9999 Include Non-Budget: No  
 Print Zero YTD Activity: No Year To Date As Of: 03/31/17  
 Current Period: 03/01/17 to 03/31/17  
 Prior Year As Of: 03/31/16

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
501-3-16190-	**WATER FUND REVENUE**	2,133,741.95	3,448,250.00	267,644.57	2,514,533.19	0.00	933,716.81-	73
501-3-41050-	**TRANSFERS**	0.00	268,897.00	0.00	0.00	0.00	268,897.00-	0
501-3-49000-	501-3-49000-	0.00	0.00	0.00	720.37	0.00	720.37	0
	Water & Sewer Fund Revenue Total	2,133,741.95	3,717,147.00	267,644.57	2,515,253.56	0.00	1,201,893.44-	68

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
501-4-44112-	**WATER SERVICE**	853,632.32	1,258,232.00	52,276.66	630,818.04	0.00	627,413.96	50
501-4-44113-	SEWER SERVICE *****	152,123.42	920,301.00	59,930.12	315,447.31	0.00	604,853.69	34
501-4-44120-	WASTE WATER TREATMENT PLANT *****	565,321.05	742,739.00	80,611.36	613,315.36	0.00	129,423.64	83
501-4-93100-	TRANSFERS *****	279,095.99	428,828.00	35,735.67	321,620.99	0.00	107,207.01	75
501-4-95101-	DEBT SERVICE *****	365,608.36	367,047.00	0.00	366,950.15	0.00	96.85	100
	Water & Sewer Fund Expend Total	2,215,781.14	3,717,147.00	228,553.81	2,248,151.85	0.00	1,468,995.15	60

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
501	Water & Sewer Fund	2,133,741.95	267,644.57	2,515,253.56	2,215,781.14	228,553.81	2,248,151.85	267,101.71

CITY OF FRANKLIN  
ENTERPRISE FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
502-3-16080-	** SOLID WASTE FUND REVENUE **	976,841.48	1,322,079.00	109,172.79	973,351.53	0.00	348,727.47-	74
502-3-41050-	FUNDS TRANSFER	0.00	212,793.00	0.00	0.00	0.00	212,793.00-	0
502-3-49000-	502-3-49000-	0.00	0.00	0.00	89.99	0.00	89.99	0
	Solid Waste Fund Revenue Total	976,841.48	1,534,872.00	109,172.79	973,441.52	0.00	561,430.48-	63

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
502-4-42300-	**SOLID WASTE**	808,559.98	1,222,380.00	279,907.47	854,855.87	0.00	367,524.13	70
502-4-93100-	**TRANSFERS**	203,174.27	293,405.00	24,450.42	220,053.74	0.00	73,351.26	75
502-4-95101-	**DEBT SERVICE**	6,493.57	19,087.00	0.00	6,448.00	0.00	12,639.00	34
	Solid Waste Fund Expend Total	1,018,227.82	1,534,872.00	304,357.89	1,081,357.61	0.00	453,514.39	70

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
502	Solid Waste Fund	976,841.48	109,172.79	973,441.52	1,018,227.82	304,357.89	1,081,357.61	107,916.09-



CITY OF FRANKLIN  
ENTERPRISE FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
504-3-16190-	**AIRPORT REVENUE**	81,643.86	128,000.00	11,024.52	88,422.81	0.00	39,577.19-	69
504-3-24040-	**STATE CATEGORICAL AID**	950.00	37,592.00	0.00	23,966.94	0.00	13,625.06-	64
504-3-33010-	**FEDERAL CATEGORICAL AID**	49,731.13	108,000.00	40,763.57	56,643.57	0.00	51,356.43-	52
504-3-41050-	**TRANSFERS**	0.00	133,249.00	0.00	0.00	0.00	133,249.00-	0
	Airport Fund Revenue Total	132,324.99	406,841.00	51,788.09	169,033.32	0.00	237,807.68-	42

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
504-4-20010-	**AIRPORT SERVICE**	136,703.99	219,090.00	26,281.69	163,826.71	0.00	55,263.29	75
504-4-20020-	***CAPITAL OUTLAY***	55,257.50	151,240.00	8,704.40	52,114.20	0.00	99,125.80	34
504-4-93100-	**TRANSFERS**	15,562.49	36,511.00	3,042.58	27,383.26	0.00	9,127.74	75
	Airport Fund Expend Total	207,523.98	406,841.00	38,028.67	243,324.17	0.00	163,516.83	60

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
504	Airport Fund	132,324.99	51,788.09	169,033.32	207,523.98	38,028.67	243,324.17	74,290.85-

CITY OF FRANKLIN  
ENTERPRISE FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Revenue Account	Description	Prior Yr Rev	Anticipated	Current Rev	YTD Revenue	Cancel	Excess/Deficit	% Real
505-3-16190-	ELECTRIC FUND REVENUE	11,298,147.96	15,260,769.00	1,299,254.75	11,569,671.90	0.00	3,691,097.10-	75
	Electric Fund Revenue Total	11,298,147.96	15,260,769.00	1,299,254.75	11,569,671.90	0.00	3,691,097.10-	75

Expend Account	Description	Prior Yr Expd	Budgeted	Current Expd	YTD Expended	Cancel	Balance	% Expd
505-4-20010-	ELECTRIC SERVICES**** -NOTE-	8,418,004.73	12,406,235.00	948,327.39	8,076,893.84	0.00	4,329,341.16	65
505-4-20020-	ELECTRIC CAPITAL OUTLAY *****	137,019.28	684,027.00	12,851.50	73,440.97	0.00	610,586.03	11
505-4-20050-	TRANSFERS *****	1,432,043.24	1,895,062.00	157,921.84	1,421,296.48	0.00	473,765.52	75
	Electric Fund Expend Total	9,987,067.25	14,985,324.00	1,119,100.73	9,571,631.29	0.00	5,413,692.71	64

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
505	Electric Fund	11,298,147.96	1,299,254.75	11,569,671.90	9,987,067.25	1,119,100.73	9,571,631.29	1,998,040.61

-NOTE- Reflects 7 months expenses for electricity (sale of energy) purchases.

CITY OF FRANKLIN  
ENTERPRISE FUND MONTHLY REPORTS - CASH BASIS  
FOR THE PERIOD ENDING MARCH 2017 UNAUDITED

Fund	Description	Prior Revenue	Curr Revenue	YTD Revenue	Prior Expended	Curr Expended	YTD Expended	Total Available Revenues
501	Water & Sewer Fund	2,133,741.95	267,644.57	2,515,253.56	2,215,781.14	228,553.81	2,248,151.85	267,101.71
502	Solid Waste Fund	976,841.48	109,172.79	973,441.52	1,018,227.82	304,357.89	1,081,357.61	107,916.09-
504	Airport Fund	132,324.99	51,788.09	169,033.32	207,523.98	38,028.67	243,324.17	74,290.85-
505	Electric Fund	11,298,147.96	1,299,254.75	11,569,671.90	9,987,067.25	1,119,100.73	9,571,631.29	1,998,040.61
	Final Total	14,541,056.38	1,727,860.20	15,227,400.30	13,428,600.19	1,690,041.10	13,144,464.92	2,082,935.38



April 20, 2017

To: Mayor & Council Members  
From: R. Randy Martin  
Subject: City Employee Health Insurance Plan Renewal

As reported at the April 10, 2017 Council meeting and reviewed at the April 20, 2017 budget work session, the City's current insurance plan administrator has advised the city of a premium cost increase of 10.3% effective with plan renewal on July 1, 2017. The City must respond to The Local Choice Anthem insurance pool by April 30, 2017 with its intentions to renew the plan for next fiscal year and elect any plan modifications.

It is always difficult to assess increased costs by determining the city and employee shares. For the current fiscal year, the City assumed the entire 6.1% increase in premium cost upon renewal effective July 1, 2017. In an effort to control overall costs going forward and in consideration of the higher percentage of the increase this year, it is Management's recommendation that the City divide responsibility for the cost increase for the FY 2017 – 2018 plan year with the City absorbing 5.3% of the increase and the employees covering the 5% balance. To further efforts in recent years to manage city and employee costs for health care coverage, it is also recommended that the City alter the plan offerings for FY 2017 – 2018 to provide the Key Advantage 500 (KA500) and the Key Advantage 1000(KA1000) option to employees.

This plan offering modification has the effect of increasing the deductible for employees who have elected in the current year the lower deductible plan offering from \$250 to \$500 unless they choose to take the \$1,000 option. The majority (approximately 59%) of the eligible employees are currently enrolled in the KA1000 plan option. Those employees will not see a plan deductible change if they elect to continue with their current coverage.

The proposed change in deductible from \$250 to \$500 (KA 250 to KA 500), reduces both the city and affected employee costs as detailed in the rate implications analysis included herewith. As noted however, the impact of the increase in the overall rates imposed by the plan provider will affect each employee differently based upon the plan options selected.

Enclosed is another copy of the information included in the work session budget book giving background and details on the plan renewal including rates. Also included as new information is detail comparing the plans and rate implications of the proposed changes.

**Action Recommended:** Authorize renewal of the health care plan with The Local Choice for FY 2017 – 2018 with the plan modifications as recommended.

Enclosures



**City of Franklin Health  
Insurance Renewal  
FY 2017 – 2018**

## Overview

- 205 employees and retirees are eligible for some type of coverage under the City's Health care plan. 28 retired employees at or over the age of 65 are covered by the Medicare Supplement option only. The city also has 28 "early" retirees (not eligible for Medicare) that are currently enrolled in the city's plan. Of the 177 active employees and "early" retirees who are eligible for health insurance, 164 are currently covered by the city plan.
- The following details the active employee and "early" retiree participation data at this time:

Coverage	#	Percentage
Employee Only	104	63%
Employee Plus One	45	27%
Family	15	11%

## Plan Facts & Numbers

## Overview - continued

- Four (4) plans are offered to active and early retiree employees and include choices for preventive and comprehensive dental coverage

KA 250 Preventive	1	.25%
KA 250 Comprehensive	93	57%
KA 1000 Preventive	6	3.75%
KA 1000 Comprehensive	64	39%

- FY 17-18 Premiums will Increase by 10.3% Overall effective 07/01/2017.

## Plan Facts & Numbers



**FY 2017 – 2018 Health Insurance Changes**  
**Employee Impact Analysis**

**Example 1**

Assumptions: Employee currently has KA1000 and chooses to continue KA1000. Example is with comprehensive dental since it is the most popular choice. Preventive dental is slightly less expensive numbers reflect monthly premiums which are divided between 24 biweekly payroll periods of the 26 total payroll periods within a fiscal year.

**A. Employee Only Change**

Plan Year	Total Premium	City Share	Employee Share
FY 2016 – 2017	\$622.00	\$547.20	\$74.80
FY 2017 – 2018	\$685.00	\$579.65	105.35
Increase/Decrease	\$63.00	\$32.45	\$30.55

**B. Employee Plus One Dependent**

Plan Year	Total Premium	City Share	Employee Share
FY 2016 – 2017	\$1151.00	\$815.90	\$335.10
FY 2017 – 2018	\$1267.00	\$875.64	\$391.36
Increase/Decrease	\$116.00	\$59.74	\$56.26

**C. Employee Plus Family**

Plan Year	Total Premium	City Share	Employee Share
FY 2016 – 2017	\$1679.00	\$960.20	\$718.80
FY 2017 – 2018	\$1850.00	\$1048.27	\$801.73
Increase/Decrease	\$171.00	\$88.07	\$82.93

**Note:** The average employee annual salary is currently \$38,300.00 (excluding benefits). For comparison purposes, the annualized employee only KA 1000 health insurance plan cost for FY 2017 – 2018 as recommended would be \$1,264.20 which is an increase in the employee share of \$366.60 over FY 2016 – 2017.



**Example 2**

Assumptions: Employee currently has KA250 plan and chooses to take KA500 since KA250 is no longer an option. Example is with comprehensive dental since it is the most popular choice. Preventive dental is slightly less expensive. Numbers reflect monthly premiums which are divided among 24 biweekly payroll periods of the 26 total payroll periods within a fiscal year.

**D. Employee Only Change**

Plan Year	Total Premium	City Share	Employee Share
FY 2016 – 2017 (250)	\$718.00	\$547.20	\$170.80
FY 2017 – 2018 (500)	\$725.00	\$579.65	\$145.35
Increase/Decrease	\$7.00	\$32.45	\$(25.45)

**E. Employee Plus One Dependent**

Plan Year	Total Premium	City Share	Employee Share
FY 2016 – 2017 (250)	\$1328.00	\$815.90	\$512.10
FY 2017 – 2018 (500)	\$1341.00	\$875.64	\$465.36
Increase/Decrease	\$13.00	\$59.74	\$(46.74)

**F. Employee Plus Family**

Plan Year	Total Premium	City Share	Employee Share
FY 2016 – 2017 (250)	\$1939.00	\$960.20	\$978.80
FY 2017 – 2018 (500)	\$1958.00	\$1,048.27	\$909.73
Increase/Decrease	\$19.00	\$88.07	\$(69.07)

**Note:** The average employee annual salary is currently \$38,300.00 (excluding benefits). For comparison purposes, the annualized employee only KA500 health insurance plan cost for FY 2017 – 2018 as recommended would be \$1744.20 which is a decrease in the employee share of \$305.40 over FY 2016 – 2017.



*Office Of The City Manager*  
*R. Randy Martin*

## Health Insurance Plan Renewal FY 2017 – 2018

Prepared: April, 2017

### Background

The City's employee health insurance plan is administered statewide as a local government pool for participating communities and eligible agencies. The insurance carrier at present is Anthem Health Plans of Virginia, an independent licensee of Blue Cross Blue Shield Association. The pool is referred to as The Local Choice Health Benefits Program and is administered by the Virginia Department of Human Resource Management.

The City has been utilizing The Local Choice option for a number of years. Last year the City sought and evaluated proposals from the limited market available of carriers qualified and interested in providing local government coverage. Based upon the responses, the City elected to remain with The Local Choice Benefits Program pool.

Over the past 2 – 3 years, the City has made modifications to the plan options made available to employees in an effort to manage costs. Specifically, the City changed plan options which resulted in higher deductibles. As noted on the enclosed renewal information, the City's current plan offerings are the Key Advantage 250 (KA 250) and the Key Advantage 1000 (KA 1000). The numbers indicate the employee deductible level and are the only difference between the two options offered. The difference translates to the variance in monthly plan costs which are also listed. Last year, the City absorbed a 6.1% premium increase with no other modifications to the plans in an effort to remain competitive with nearby municipal jurisdictions in employee recruitment and retention efforts.

### Plan Renewal

As previously advised and detailed in the enclosed renewal documents; the City's premiums will increase by 10.3% effective July 1, 2017. This will result in an increased total annual cost in premiums across all funds of an estimated \$165,696.00 based upon current employee enrollment data. The General Fund share is projected to be \$121,620.00 with the remaining funds making up the difference of \$44,076.00.

As for available options to further control city and employee cost shares, the City's choices are limited for the FY 2017 – 2018 renewal. Listed in this report are the options identified to date. In like manner to the process followed every year, the City asked for and was granted an extension in time from Local Choice to finalize its plans for the new fiscal year. The deadline to submit the renewal application is April 30, 2017. To meet this deadline, the April 24, 2017

Council agenda will include an action item on the renewal. This schedule allows for employee open enrollment to occur and plan coverage to continue uninterrupted on July 1<sup>st</sup>.

Just as the Franklin School Division is currently engaged in doing, the City staff has for some time been actively researching options to manage healthcare coverage costs. Management has been in close contact with School Division staff, because in recent years, the City and Schools to the degree possible have offered similar plans. As discussed at the joint budget session between the Council and School Board, the School Division is pursuing Local Choice plan modifications that would further increase deductibles and other plan changes including offering a high deductible (HDHP) option.

As for the high deductible option, the School Division's plan year does not begin on July 1<sup>st</sup> so they have more time to implement this significant change. The City staff has likewise been interested in offering this additional option, but the earliest the City can complete the process would be into the new fiscal year with the change effective July 1, 2018. This timeframe also coincides with further consideration of the new General Assembly authorized potential option referred to as "COVA Local". This option is on schedule to be offered to interested communities as a pool alternative to the existing Local Choice plan effective July 1, 2018 if enough participation is committed by the end of calendar year 2017. Preliminary interest numbers are well above the threshold but until final cost estimates are firmed up, this is not a guaranteed option. Preliminary rates have been estimated that are higher than our current rates, but there are many variables that may make COVA Local a preferred choice particularly over the longer term given the increases that the current Local Choice plan has experienced. The new plan will have a high deductible option built in, so it may be wise to make a decision on whether to switch to the new state plan before actually going to the effort and expense of starting up a city HDHP plan (e.g. HSA). The City under either plan should be prepared to implement an HDHP option July 1, 2018.

#### FY 2017 – 2018 Options

The only identified options for consideration in FY 2017 – 2018 at this time are:

- a) Consider changing the options offered from KA 250 & KA 1000 to KA 500 & KA 1000. This change is being pursued by the School Division. This change is estimated, based upon current enrollment choices, to result in a reduction in the total increase in annual premiums from \$165,696.00 to approximately \$77,352.00.
- b) Determine the amount of the employer and employee share for FY 2017 – 2018 and how much of the cost increase would be covered by the City.

In closing, more information and analysis on the options for FY 2017 – 2018 will be forthcoming with management's recommendations on this topic being included in the agenda and presented at the April 24<sup>th</sup> Council meeting for consideration.

Enclosure

Respectfully submitted,  
R. Randy Martin,  
City Manager

# THE LOCAL CHOICE HEALTH BENEFITS PROGRAM

## City Of Franklin

Proposed Rates Effective from  
July 1, 2017 through June 30, 2018

### With Comprehensive Dental

	<u>Single</u>	<u>Dual</u>	<u>Family</u>
<b><u>ACTIVE EMPLOYEES</u></b>			
Key Advantage Expanded	\$873	\$1,615	\$2,357
* Key Advantage 250	\$793	\$1,467	\$2,141
Key Advantage 500	\$725	\$1,341	\$1,958
* Key Advantage 1000	\$685	\$1,267	\$1,850
High Deductible Health Plan	\$576	\$1,066	\$1,555

### **RETIREES NOT ELIGIBLE FOR MEDICARE**

Key Advantage Expanded	\$873	\$1,615	\$2,357
* Key Advantage 250	\$793	\$1,467	\$2,141
Key Advantage 500	\$725	\$1,341	\$1,958
* Key Advantage 1000	\$685	\$1,267	\$1,850
High Deductible Health Plan	\$576	\$1,066	\$1,555

### With Preventive Dental Only

<b><u>ACTIVE EMPLOYEES</u></b>			
Key Advantage Expanded	\$859	\$1,589	\$2,319
* Key Advantage 250	\$779	\$1,441	\$2,103
Key Advantage 500	\$711	\$1,315	\$1,920
* Key Advantage 1000	\$671	\$1,241	\$1,812
High Deductible Health Plan	\$562	\$1,040	\$1,517

### **RETIREES NOT ELIGIBLE FOR MEDICARE**

Key Advantage Expanded	\$859	\$1,589	\$2,319
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High Deductible Health Plan	\$562	\$1,040	\$1,517

### Medicare Retiree Rates

#### **RETIREES WITH MEDICARE**

* Medicare Complementary	\$134
Advantage 65	\$169
Advantage 65 and Dental/Vision	\$201

#### \* Benefit Plans Currently Offered

Coverage under The Local Choice Key Advantage and HDHP contracts is for:

- Active Employees and their Dependents
- Retirees not eligible for Medicare and their Dependents not eligible for Medicare, and or
- Dependents of Medicare eligible Retirees who are not Medicare eligible

If coverage is offered to Medicare eligible retirees and their Medicare eligible Dependents, it must be obtained through one of our Medicare Supplemental contracts which require participation in both Parts A and B of Medicare to receive maximum benefits.

The PCORI fee is the responsibility of the group and payment should be submitted directly to HHS, therefore, this fee has not been included in your rates.

**THE LOCAL CHOICE HEALTH CARE PROGRAM**  
**Anthem Blue Cross and Blue Shield**

**Renewal Analysis For:**  
**City Of Franklin**  
**Group #47023**

**For the Period: July 1, 2017 through June 30, 2018**

Your group's monthly renewal premiums are a blend of the pooled rate applicable to TLC groups and your group's Medical claims experience as shown below. Your renewal components (excluding Medicare Retiree programs and HMO coverage) are highlighted below.

- |   |             |
|---|-------------|
| ▪ Enrollment as of November 30, 2016  | 164         |
| ▪ Annualized Total Premiums at Current Rates<br>(includes medical/surgical, behavioral health, comprehensive dental and drug) | \$1,804,512 |
| ▪ Projected Medical Claims Related Charges  | \$1,453,487 |

This is the total amount of projected claims costs for the upcoming year based on an underwriting formula which blends 12 months of actual medical claims experience with the TLC pool medical claims. The weight of the current year claims versus the TLC pool claims is determined by the group size.

Projected claims include a charge for pooling insurance to manage the impact of individual large claims. In projecting claims, an excess claims discount of \$60,282 has been removed from the current review period claims costs.

Your current year's claims costs have been reduced by \$2,256,009, your actual facility and professional network savings. These savings are available through the Participating Facility and Professional Agreements of Anthem Blue Cross and Blue Shield, and the other Blue Cross and Blue Shield plans.

- |   |             |
|---|-------------|
| ▪ Renewal Component for Medical Administrative Expenses,<br>Network Access Fees, and Affordable Care Act. | \$74,392    |
| ▪ Renewal Premium Component for pooled coverage for Comprehensive<br>Dental and Drug                      | \$461,877   |
| ▪ Required Annual Renewal Premium based on Current Enrollment   | \$1,989,756 |
| ▪ Required Premium Adjustment   | 10.3%       |

*Assumes all have Comprehensive Dental.*

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**OLD/NEW BUSINESS**

**A. City Manager's Report**

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**COUNCIL/STAFF REPORTS ON BOARDS & COMMISSIONS**